

Message Text

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FM SECSTATE WASHDC

TO AMEMBASSY MANAGUA

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E.O. 11652: N/A

TAGS: EGEN

SUBJECT: NICARAGUAN PURCHASE OF ROAD BUILDING EQUIPMENT

REF: MANAGUA 1099

1. EXIMBANK WAS FIRST APPROACHED JUNE 24, 1975 BY VICE MINISTER PUBLIC WORKS R. J. RENER HAND CARRYING APPLICATION, SIGNED BY MINISTER FINANCE, FOR ASSISTANCE IN FINANCING DOLS 40 MILLION OF ROAD CONSTRUCTION AND MAINTENANCE EQUIPMENT. MR. RENER WAS ADVISED TO SUBMIT MORE DETAILED DATA BASED ON STAGING PURCHASES OVER SEVERAL YEARS SINCE PROGRAM AS CONCEIVED COULD OVERTAX NICARAGUAN CAPABILITIES.

2. A MORE DETAILED APPLICATION RECEIVED SEPTEMBER 23, 1975 STILL SPECIFIED PURCHASE OF DOLS 40 MILLION AT ONCE AND LEFT MANY QUESTIONS UNANSWERED. EXIMBANK'S REQUEST FOR MEETING WITH NICARAGUAN OFFICIALS FINALLY TOOK PLACE JANUARY 27, 1976. NICARAGUAN MISSION WAS HEADED BY ING. ARMANDO GIRON SABALLOS OF BUREAU OF ROADS,
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ACCOMPANIED BY REPRESENTATIVE FROM BOSWELL ENGINEERING WHICH

IS ASSISTING GON IN THIS PROJECT AND, BASED ON THEIR STATEMENT, MANY OTHERS. IT WAS EXPLAINED THAT EXIMBANK IS AWARE OF THE NEED FOR ROAD EQUIPMENT BUT THAT PURCHASES AT ONCE APPEARED INADVISABLE WHEREAS A PROGRAM STAGED OVER SEVERAL YEARS ALLOWING THE BUREAU TO DEVELOP FIRST PROPER STAFFING AND EQUIPMENT MAINTENANCE CAPABILITIES, PRESENTLY LACKING, WAS INDICATED. THE MISSION APPARENTLY LACKED AUTHORITY TO DISCUSS CHANGES IN THE REQUEST AND INDICATED THAT THIS NEEDED TO BE DISCUSSED UPON THEIR RETURN TO MANAGUA. WE SINCE RECEIVED INDICATIONS THAT GON IS EXPLORING POSSIBLE PURCHASES ELSEWHERE. UP TO NOW RESPONSE HAS BEEN SAME AS EXIMBANK'S.

3. EMBASSY'S COMMENTS ALSO IN CONNECTION WITH GON AMITTIOUS BORROWING PROGRAMS FOR COMING YEARS WILL BE APPRECIATED PARTICULARLY IN LIGHT OF GON'S RELATIVELY HIGH LEVEL OF DEBT TO COMMERCIAL BANKS WHICH SUGGEST A CONSIDERABLE INCREASE IN THE DEBT SERVICE RATIO OVER THE MEDIUM TERM.
KISSINGER

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